



NEWS RELEASE

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REPORT ON UNDERCOVER CIGARETTE OPERATION SHOWS LAX PROCEDURES, BUT NO “WOW”

City Council today heard a report from the national auditing firm Cherry Bekaert, which examined the financial records of a recent police undercover investigation that targeted illegal cigarette trafficking.

Basically, said Robert Bielat, a partner with Cherry Bekaert, the review shows that "the meat of the transaction was the undercover covert operation itself, the purchase and sale of the cigarettes; that's where the big bucks were."

In addition, he noted that "the officers were involved in training with the ATF. There was travel with the 'bad guys' to see if an arrest would ultimately be borne from the operation itself."

Bielat said that during the financial review the city did not restrict or inhibit any procedures the auditing firm suggested, and in fact city employees suggested several additional things the auditing firm did not consider.

The undercover operation began in 2010 in partnership with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives, and the money used came from that joint effort. City tax money was not used, except for the salaries of the officers involved in the investigation.

Although the ATF pulled out of the operation, it continued for close to two years - until a newly-assigned city officer alleged violation of city policy governing travel spending.

In order to provide transparency and full accountability, "what you have is lengthy," Bielat told City Council. "Is there anything I saw during the course of this work that made me go 'wow'? No," he added. "I can't say it unequivocally that there's nothing there [because of the lack of detailed records] but there was nothing that made me come back to management and say there's something we should come back and look at."

The complete 83-page report can be found [online](#).

City Manager Mary Bunting said the report's conclusions are the same as the internal report issued in December, which found lax financial accountability practices and insufficient police department oversight. However, Bunting said, "we can all have more confidence in them (the December conclusions), as they have been corroborated" by an independent firm.

Bunting repeated her recommendations that if the city police ever engages in similar "churning" operations, approval from the manager would be required and they would follow all city procedures, including appropriate financial controls.

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